

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
FRIDAY, JANUARY 26, 2001, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Rep. Afton Bradshaw, Committee Co-Chair
Sen. Peter Knudson
Sen. Paula Julander
Rep. Patrice M. Arent
Rep. Katherine M. Bryson
Rep. Margaret Dayton
Rep. Patricia W. Jones
Rep. LaWanna "Lou" Shurtliff
Rep. Richard M. Siddoway
Rep. Gordon E. Snow
Rep. Stephen H. Urquhart

Members Excused: Sen. Lyle Hillyard, Committee Co-Chair
Sen. Steve Poulton
Rep. Martin R. Stephens

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present: Commissioner Cecelia Foxley
Sen. Leonard Blackham
Karen Derrick, Salt Lake School Board & Chair Wasatch Front ATCSR
Regent Pamela Atkinson
Rob Brems, Associate Superintendent, Utah State Office of Education
Chalmers Gail Norris, Utah System of Higher Education
President Steven Bennion, Southern Utah University
Kevin Boardman, Dir. Government Affairs, Utah Power & Light
Robert Lively, Regional Manager, Utah Power and Light
Alan Allred, Vice President of Business Development, Questar
Jeff Berks, State Energy Manager
Reed Taylor, State Purchasing Agent
Norm Tarbox, Utah System of Higher Education
Jess Dalton, University of Utah Studentbody President
Dee Hansen, Weber State University Student
Marla Kennedy, University of Utah Student
Kelly Ann Booth, Director of Government Relations, Utah Student Association
Frederick Van Der Veur, Executive Director, Utah Public Employees Association
Paul Henderson, State Executive Director, AFT

Visitor List on File

Committee Co-Chair Bradshaw called the meeting to order at 2:08 p.m.

1. Sen. Blackham—ATE Issues—An interim task force studying Applied Technology Education (ATE) issues has decided that, although areas with ATCs and ATCSRs (Applied Technology Center Service Regions) have mostly been well served, there is a great need for secondary ATE education that cannot be met under the current system. ATE education currently being handled by both higher education and public education will be combined under the new board that will oversee the nine regional boards. Representatives from higher education and public education will sit on the board as well as representatives from business and government. The proposal is ready and will be heard by the Commerce and Revenue Appropriations Subcommittee. The Joint Liaison Committee will be dissolved and a Joint Applied Technology Education Council (JATEC) will be formed. Next time the Executive

Appropriations Committee meets, ATE funding that has gone to higher education and public education will be assigned directly to the regional boards.

Sen. Blackham said the authority of the central board is very limited; it will act as a receptacle for the nine regions to determine budget requests. Rep. Bryson asked where Custom Fit will end up. Sen. Blackham said it will remain under Community and Economic Development. Rep. Urquhart asked if the board will be used to fund another bureaucracy. Sen. Blackham said the intent is for everyone to work together regarding buildings used for ATE by both higher education and public education. He is satisfied that both sides want to make this work. Commissioner Foxley said that no one knows how the change will really work, but higher education has pledged to do all they can to make it succeed. She also noted that the change only affects non-credit courses and she is concerned that equitable funding be given for underserved adults in the regions as well. Higher education doesn't get money specifically for ATE and they don't want the money that they have used for that purpose to be taken out of the budget. Both Karen Derrick, Salt Lake School Board, and Rob Brems, Associate Superintendent for ATE, State Board of Education, supports the changes.

2. Financial Aid—UCOPE, New Century Scholarship, and Federal Aid Matching Requirements—Fiscal Analyst Boyd Garriott said rising tuition is always a concern. By statute, 10% of tuition revenues can be waived by institutional presidents; thus, when tuition goes up more waivers are available. Presidents also have discretionary funds that can be used for scholarships. Most Federal programs have a matching component; when they lower the percentages, the State has to make up the difference or lower the amount of available financial aid.

Chalmers Gail Norris, USHE, said the Higher Education Subcommittee has been a strong supporter of financial aid over the years. The Regents have requested \$2.7 million in need-based financial aid funding to try to keep faith with the students. Federal contributions went down with the change of administration. The Regents also request \$451,000 for matching funds and \$2,087,000 for UCOPE to avoid losing ground. Mr. Norris said students are counseled to only borrow what they need with an eye on what they can afford to repay after graduation; the average student owes \$15,000 upon graduation.

Marla Kennedy, UU Student, said financial aid is critical for students. Utah has many large families and financial aid is often the only way a student can go to college. Commissioner Foxley noted that UCOPE funding is in the formula so it can be more predictable in on-going funding, but the remainder is outside the formula. Mr. Garriott noted that Mr. Norris has managed the loan programs very well. If students are diligent in repaying their loans, Mr. Norris has the discretion to lower the interest rate. Regent Pamela Atkinson said education is the way out of poverty. Many students work full time and go to school full time as well. President Steven Bennion, SUU, said financial difficulties are the biggest reason students leave school. SUU is working hard to get scholarship money and financial aid to help these students.

MOTION: Sen. Julander moved to approve minutes of the January 22, 2001, meeting.

The motion passed unanimously with Reps. Dayton and Urquhart absent at the time of voting.

3. Fuel & Power—Fiscal Analyst Debra Headden said the current energy problems have hit higher education particularly hard since they account for the largest amount of square footage for State buildings. Fuel and power rates have risen an average of 32% across the country with some areas seeing a 50% increase. Some institutions purchase gas directly from the well head which was economically sound until now. Mr. Garriott said higher education is requesting one-time funding for FY 2001 (\$2.7 million) and an increase of \$5.3 million for FY 2002.

Kevin Boardman, Director of Government Affairs, Utah Power and Light, said utilities in the Western states are interrelated; companies facing bankruptcy in California could have a rippling effect throughout the region. Utah is currently helping California with their crisis, but the Governor has made it clear that Utah comes first. Many things combined to make this a critical year including low water supplies, stopping fossil fuel production because of EPA standards, and California deregulated utilities prematurely. Utah is looking at ways to solve the crisis with mobile power plants and coal-fired units, but that will take a while to come online. Bob Lively, Regional Manager, UP&L, discussed UP&L's rate increase request. Alan Allred, Questar, said fuel costs for the institutions have been very stable for many years but with the demand higher than supply, costs have risen and the worst is yet to come.

Ms. Headden said the analysts recommend watching what happens and funding both requests with one-time money. Jeff Berks, State Energy Manager, feels the Regents' requests are probably too low. Institutions need to be smarter in how they use energy and consider ways to be more efficient. The University of Utah is being proactive in finding ways to reduce energy. Rep. Arent asked what the requirements are to make new buildings more energy efficient. Mr. Berks said there are state minimums but there is room for improvement. Commissioner Foxley said energy efficiency of new buildings is crucial and the system is currently developing energy efficiency programs for other facilities. Norm Tarbox, USHE, said the system pays \$2 million annually for fuel and power.

4. Student Representatives—Jess Dalton, UU Studentbody President, the Utah Student Association, and Utah Council of Studentbody Presidents, said record numbers of students registered to vote in the last national election with a 260% increase in the number of students actually voting. They support the Governor's budget recommendations for a 6% salary increase and a 4% tuition increase. Dee Hanson, WSU Student, discussed support for the financial aid and UCOPE requests and noted that tuition has risen faster than financial aid in the last few years.

Kelly Ann Booth, Director, Government Relations, Utah Student Association, said they are not sure if the funding formula is a benefit to students. She discussed a document entitled "Truth in Tuition" that would require the institutions to disclose where tuition money is being spent. They want qualitative numbers, accountability, and a voice in the process. The students are concerned that the second tier of the Regents' funding proposal would permit tuition to rise uncontrollably; they do not want to be blind payers in the system. Mr. Dalton expressed support for the Utah Academic Library Consortium request and said the "Truth in Tuition" document could be pursued as intent language or as a bill.

5. Lobbyists—Frederick Van Der Veur, Executive Director, Utah Public Employees Association (UPEA), encouraged the Committee to consider staff when determining salary increases.

Paul Henderson, State Executive Director, American Federation of Teachers, said insurance rates continue to increase and eat up faculty compensation packages. He would like higher education to have the option of going with the State risk pool to cut premiums and the impact of those increases. He also requested fully funding the salary equity proposal and said that the high number of adjunct faculty erodes the quality of programs.

MOTION: Rep. Siddoway moved to adjourn.

Committee Co-Chair Bradshaw adjourned the meeting at 4:40 p.m.

Minutes were reported by Rolayne Day, Secretary.